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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Public Programs Branch**

**RESOLUTION T- 17044
July 20, 2006**

R E S O L U T I O N

**Resolution T-17044. Approval of the Deaf and Disabled
Telecommunications Program (DDTP) Administrative Committee Fund
Surcharge Rate of 0.05% Effective August 1, 2006.**

Summary

This resolution adopts a surcharge rate of 0.05% effective August 1, 2006. This revised surcharge rate shall remain in effect until further revised by the Commission. All certificated telecommunications carriers shall assess a DDTP rate of 0.05% on their end-user's billings rendered on August 1, 2006, and thereafter.

Background

The Commission established the DDTP and has expanded it by Commission order and implementation of three legislative mandates. The three legislative mandates are: PU Code Section 2881(a) which authorizes the provision of TTYs to deaf or hard of hearing individuals; PU Code Section 2881(c) which authorizes the provision of other specialized telecommunications equipment to consumers with hearing, vision, mobility, speech, and cognitive disabilities; and PU Code Section 2881(b) which uses third-party intervention, also known as the California Relay Service, (CRS) to connect consumers who are deaf or hearing impaired with hearing parties. The DDTP was previously managed by an external staff acting as agents of the Commission. The DDTP Administrative Committee (AC) administered the DDTP and oversaw its finances. Two advisory committees, the Equipment Program Advisory Committee (EPAC) and the CRS Advisory Committee (CRSAC), advised the DDTPAC on the equipment and relay service programs.

SB 669 (1999) changed the operations of the Commission's public programs in two ways: 1) it transferred the funds for the programs from a bank trust fund to the State Treasury and, 2) it changed the duties of the administrative committees to those of

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advisory boards. The Commission successfully implemented the requirements of SB 669 by October 1, 2001, for the California High Cost Fund-A, California High Cost Fund-B, California Teleconnect Fund, and Universal Lifeline Telephone Service programs.

Because of the size of the DDTP and the complexities involved, the Commission sought an extension of the original deadline for the transfer of the DDTP funds. AB 1734, signed into law in June 2002, provided for an extension of the deadline for the transfer of DDTP funds from July 1, 2002, to July 1, 2003.

Discussion

In this Resolution, the Commission adopts a surcharge rate of 0.05% effective August 1, 2006, a decrease from the current rate of 0.27%, until further revised by the Commission.

The Commission, in Resolution T-16895, dated February 10, 2005, approved a \$66.800 million DDTP FY 2005-06 expense budget. Appendix A shows the forecasted DDTP Fiscal Year (FY) 2005-06 results of operations based on forecasted actual revenues and expenses, and a forecasted billing base of \$21,270.761 million. In addition, Appendix A includes the forecasted DDTP FY 2006-07 results of operations using the forecasted June 30, 2006 ending cash balance, an unchanged forecasted billing base of \$21,270.761 million, the FY 2006-07 expense budget, as adopted in Resolution T-16896, and an ending cash balance equivalent to approximately two months of forecasted monthly expenses as of June 30, 2007. Leaving the surcharge rate at the current rate of 0.27% will result in a substantial ending cash balance as of June 30, 2007.

All certificated telecommunications carriers shall assess a revised DDTP surcharge rate of 0.05% on their end-user's billings rendered for intrastate telecommunications services on August 1, 2006, and thereafter.

Filing of Advice Letter

In accordance with Resolution T-16901, dated December 2, 2004, SBC should file an Advice Letter on or before July 27, 2006, modifying the DDTP surcharge rate from 0.27% to 0.05% to take effect on August 1, 2006, and thereafter, until further revised by the Commission. The advice letter should be filed in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.

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Comments

In compliance with PU Code § 311 (g), copies of the notice letter were e-mailed on June 20, 2006, to all telecommunications carriers, the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, for whom email was available, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, California Relay Service Advisory Committee (CRSAC) members and the Equipment Program Advisory Committee (EPAC) members informing these parties that this draft resolution is available at the Commission's website, www.cpuc.ca.gov and is available for public comments.

TD did not receive any comments on this resolution.

Findings

1. In October 1999, Public Utilities Code (PU) Code § 270-281 were codified as a result of the enactment of Senate Bill 669.
2. Assembly Bill 1734, signed into law in June 2002, extended the timeframe for the transfer of the Deaf and Disabled Telecommunications Program (DDTP) Administrative Committee Fund into the State Treasury to July 1, 2003, from July 1, 2002.
3. PU Code § 270(b) requires that the monies in DDTP Administrative Committee Fund may only be disbursed pursuant to § 270-281 and upon appropriation in the annual Budget Act.
4. The Commission, in Resolution T-16895, dated February 10, 2005, approved a \$66.800 million DDTP FY 2005-06 expense budget. The Commission, in Resolution T-16896, dated September 22, 2005, approved a \$69.030 million DDTP FY 2006-07 expense budget.
5. The revised forecasted billing base for FY 2005-06 and FY 2006-07 is \$21,270.761 million.
6. The ending cash balance as of June 30, 2006 and the Commission adopted \$69.580 million FY 2006-07 expense budget allow the Commission to revise the surcharge rate for the DDTP fund from 0.27% to 0.05% effective August 1, 2006, and thereafter, until further revised by the Commission. The decrease in the surcharge rate will still enable the DDTP fund to register an ending cash balance equivalent to approximately two months of forecasted program expenses as of June 30, 2007.

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7. All certificated telecommunications carriers should assess the revised DDTP surcharge of 0.05% on their end-user's billings rendered for intrastate telecommunications services on August 1, 2006, and thereafter, until further revised by the Commission.
8. In accordance with Resolution T-16901, dated December 2, 2004, SBC should file an Advice Letter on or before July 27, 2006, modifying the DDTP surcharge rate from 0.27% to 0.05% to take effect on August 1, 2006, and thereafter, until further revised by the Commission. The advice letter should be filed in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.
9. Copies of the notice letter advising parties of the availability of this draft resolution for public comments and the conformed resolution, when adopted by the Commission on the Commission's web site, were e-mailed to all telecommunications carriers, the parties of record to Investigation (I.) 87-11-031, Rulemaking (R.) 00-05-001, R.03-03-014, for whom email was available, the Telecommunications Access for the Deaf and Disabled Administrative Committee (TADDAC) members, California Relay Service Advisory Committee (CRSAC) members and the Equipment Program Advisory Committee (EPAC) members on June 20, 2006.
10. TD did not receive any comments on this resolution.

THEREFORE, IT IS ORDERED that:

1. The Deaf and Disabled Telecommunications Program Administrative Committee (DDTP AC) fund surcharge rate of 0.05% effective August 1, 2006, and thereafter, until further revised by the Commission, is adopted.
2. In compliance with Resolution T-16901, dated December 2, 2004, SBC shall file an Advice Letter on or before July 27, 2006, modifying the surcharge rate for the DDTP AC fund from 0.27% to 0.05%, effective August 1, 2006, and thereafter, until further revised by the Commission. This advice letter should be filed in accordance with the provisions of G.O. 96, as modified by first, second, and third interim orders.
3. All certificated telecommunications carriers shall assess the revised DDTP AC fund surcharge of 0.05% on their end-user's billings rendered for intrastate telecommunications billings on August 1, 2006, and thereafter, until further revised by the Commission.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 20, 2006. The following Commissioners approved it:

STEVE LARSON
Executive Director

APPENDIX A

DEAF AND DISABLED TELECOMMUNICATIONS PROGRAM ADMINISTRATIVE
COMMITTEE FUND
FORECASTED RESULTS OF OPERATIONS FOR FY 2005-06 AND FY2006-07

	FY2005-06	FY2006-07
A FY 05-06 TELECOMMUNICATIONS REVENUE SUBJECT TO SURCHARGES	\$21,270,761,000	\$21,270,761,000
B SURCHARGE RATES		
a effective February 1, 2004	0.30%	
b effective January 1, 2006	0.27%	
c effective August 1, 2006		0.05%
1a State Controllers Office fund reconciliation report 3/31/06	\$65,203,356*	
b BEGINNING FUND BALANCE		\$62,859,460
2 REVENUES		
a Surcharge revenue not recorded in CALSTARS for April through June 2006	\$13,435,406	
a Surcharges (based on surcharge rate in Ln Bc FY06-07)		\$14,535,020
b Investment Income (based on projected cash flow)	\$220,697	\$694,396
c Total Revenues (sum of a thru b)	\$13,656,104	\$15,229,416
3a Expenses not recorded in CALSTARS for April through June 2006	\$16,000,000	
b FY06-07 ADOPTED PROGRAM EXPENSES		\$69,030,000
4 FUND BALANCE AS OF JUNE 30 (Ln 1 + Ln 2c - Ln 3)	\$62,859,460	\$9,058,875

* Cash balance reflecting actual revenues and expenses recorded in CALSTARS